

Cross cultural issues in human resource management business essay



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As a result of globalization, companies across the world are forced to restructure their business in order to meet the constant change in demand. A global workforce is created due to companies in various countries merging together. This becomes a vital and complex issue for HR personnel to manage with the increase in diversity of cultures within companies. India is no exception and has recently become a favorite spot for many of the foreign companies to invest in, in order to utilize the high skilled labor force of India at a cheaper rate when compared to other countries in the world. The above research investigates the cross-cultural issues faced by Indian managements due to differences in culture caused by current liberalization of economic policies in India.

Research carried out by Budhwar and Debrah (2001 cited in Bhatti, 2009, pp. 38-39) to examine the influence of national culture on personnel specialists suggests that, Indian managers give highest priority to their perception and thinking of cultural assumptions that modify their organizations (Bhatti, 2009, p. 39). Furthermore, with the help of open-ended questions, it was revealed that 54 % of Indian managers considers the importance of social relationships in managing human resources in their respective companies (Budhwar and Debrah, 2001 cited in Bhatti, 2009, pp. 38-39). However, 48% of the managers surveyed believed that the values, norms and behavior of Indian culture influences human resource practices followed in India (Budhwar and Debrah, 2001 cited in Bhatti, 2009, pp. 38-39). As per their view, these norms and beliefs govern their decisions and actions throughout their managerial career.

As per Hofstede's cultural dimension model, India's Power Distance is the highest with a score of 77 compared to a world average of 56.5, which suggests that there is a great degree of inequality of power and wealth within the society (Hofstede, 2009). This can be explained by "the presence of the hierarchical nature of Hinduism, the early socialization process stressing the significance of the architecture of family and the impact of British colonialism" (Bhatti, 2009, p. 41). Further, it was observed that India has a medium score in Individualism (48); representing a society with a less individualistic attitude towards their life (Hofstede, 2009). "This can be attributed to choosing family and group achievements over actual work results" (Bhatti, 2009, p. 42). In terms of Masculinity India has a medium score of 56, compared to world average of 51 which indicates a larger gap between values of men and women in the society (Hofstede, 2009). Furthermore, India's Uncertainty Avoidance is very low at a score of 40, compared to the world average of 65. The main cause can be explained as the unwillingness of Indian managers to agree to organizational changes and to take risky decisions, and being less responsive to job-related tasks. It was noted that the author did not highlight the fifth dimension of Hofstede cultural dimension, which is Confucian Dynamism. Pertaining to Confucian Dynamism, India scored 61, with the world average of 48 indicating a culture that is perseverant and parsimonious (Hofstede, 2009).

A study conducted by England (1975 cited in Bhatti, 2009, pp. 43-45) on personal value systems of around 2,500 managers in 5 different countries including India, revealed that Indian managers are found to be more receptive to humanistic and bureaucratic results of their decisions. Another

research carried out by Smith and Thomas (1972 cited in Bhatti, 2009, pp. 45-46) between Indian and American managers indicates that mid-level and senior level Indian managers prefer team-based, collective decision making efforts, whereas American managers favor individual decision making instead of group-oriented participation. An alternative study was conducted by Best International Human Resource Management Practices (BHRMP) to evaluate the comparisons in performance and pay practices between Indian and German manufacturing companies in automobile industry. It was concluded that the pay decisions lean more towards seniority levels in India, whereas pay decision in Germany lean more towards the performance levels of employees.

A research carried out by David and Victoria (2007 cited in Bhatti, 2009, pp. 48-53) discovered major HRM problems within a cross-cultural context faced by major Swedish Multinational Companies (WM Data and Ericsson) operating in India. Important findings from this study are discussed below:

Communication Misunderstanding: There was a huge language gap between Indian and Swedish managers in both companies because Swedish managers lacked English skills where as Indian managers had good English skills. As a result, there was several misunderstanding between the managers.

Furthermore, the nature of Indian employees who do not use negative responses and who do not often say “ no” to manager’s questions resulted in frustrations and annoyance.

Leadership Style: Both companies faced similar types of problems in leadership style because of Indian’s hierarchical approach to managing

employees where as Swedish management style was based on consensus leadership, allowing employees to respect their managers without being intimidated by them.

Motivation: Main motivational factors for Indians working in both companies were money and titles, where as Swedish employees are motivated by the task itself.

Conflict: Major conflict arising between Swedish and Indians are task related conflicts. This occurs because of Indian employees demanding a detailed and clear task descriptions from their Swedish managers. However, Swedish managers are unable to explain the task clearly to their Indian subordinates.

Key findings from the above article are conflicts faced by major Multinational Companies operating in India because of the cultural differences between foreign managers in these companies and the Indian employees working for them. In addition, Indian employee's performance can be negatively affected by certain characteristics in their behavior, placed by their upbringing. For instance, Indians are brought up where they have utmost respect for older and senior people. Therefore, they often hesitate to question or disagree with things said by seniors, even though it may prevent them from performing a task to the best. One major cultural aspect that the author has not highlighted in this article is regarding the low context of Indian culture where developing trust is a critical step in business (Mielly, 2010). Further, in Indian culture, words as well as context (tone of voice, facial expression, gestures, status) of conversation are important. For example, an Indian ' head shake' to say ' yes' could easily be misunderstood as a ' no' by a

person unfamiliar with their cultural characteristics. In addition, being punctual is not observed as strictly, in Indian and several South Asian cultures, when compared to Western cultures. Despite the gap in culture and behavior, not many studies have investigated ways to overcome these differences. It is essential that a person going to work in a different culture to their own should study and adapt to the respective cultures in order to benefit mutually.